

Consumers Energy

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SENATE FINANCE COMMITTEE

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Director of Tax Planning and Tax Counsel

SENATE BILL 358

Oct. 13, 2015

Good afternoon Chairman Brandenburg and members of the committee.

My name is Carolee Kvoriak Smith and I am the Director of Tax Planning and Tax Counsel for Consumers Energy. I am here today, along with representatives from Stryker, Steelcase and SpartanNash, to express support for Senate Bill 538. I would like to start by thanking Senator Brandenburg for sponsoring this legislation and bringing this important matter before your Committee.

Senate Bill 538 is the result of many hours of hard work by several members of the Department of Treasury and the businesses represented here today. These four businesses combined employ approximately 21,000 people in Michigan.

If Senate Bill 538 is enacted, Michigan will lead the way in the efficient administration of escheats audits. These audits, as currently conducted, consume an enormous amount of time and resources. Consumers Energy's audit, for example, spanned four years and required more than 1,300 hours of employee time — a number that does not take into account time spent by the Department of Treasury.

Senate Bill 538, if enacted, will reduce this burden in a number of ways. First, it will reduce the current 10 year statute of limitations to four years, removing one of the biggest obstacles to efficiently managing these audits. A 10 year statute of limitations, plus the typical three year dormancy period, means 13-year old records must be produced during the audit process. This exceeds standard record retention policies employed by most businesses. In addition, the technology used to store records this old may not be easy to access. In our audit, for instance, some of the records requested were available only on microfiche — not even the contingency fee auditor wanted to go there.

Senate Bill 538 also creates a materiality threshold for reporting unclaimed property and sets forth some guidelines to help escheats audits run smoother. These improvements will ease the burden of complying with escheats audits for Michigan holders and make Michigan an attractive place to do business.

The four businesses represented here today, Stryker, Steelcase, SpartanNash and Consumers Energy, support Senate Bill 538 and urge you to report the bill from Committee. Thank you for the opportunity to express our support today. At this time, I would be happy to answer any questions you may have.